

**MINUTES OF THE MEETING OF  
COMMISSIONERS OF THE  
SILVER LAKE WATER & SEWER DISTRICT**

October 25, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on October 25, 2018, beginning at 5:30 p.m., at the District Administration Building. Attending were Commissioners Bill Anderson, Rod Keppler, and Anne Backstrom. Also present were General Manager Curt Brees, District Engineer Rick Gilmore, Finance Manager Brad Nelson, Technical Services Manager Chad Phelan; and Eric Delfel with Gray & Osborne, Inc.

**1.) CALL TO ORDER:**

Commissioner Anderson called the meeting to order at 5:30 p.m.

**2.) APPROVAL OF MINUTES:**

The Minutes of the regular meeting of October 11, 2018 were unanimously approved as circulated.

**3.) PUBLIC COMMENT:**

There was no members of the public present for comment at the meeting.

**4.) FINANCIAL MATTERS:**

**a.) Vouchers and Check(s) Approval**

Following discussion of various matters, vouchers and revolving fund checks were unanimously approved and signed as follows:

<b>Fund</b>	<b>Code</b>	<b>Number</b>	<b>Amount</b>
Water Maintenance	743 5408666	.10-044-.10-076	\$90,148.42
Sewer Maintenance	743 5418666	.10-011-.10-016	703,390.54
Sewer Capital Improve.	743 5448666	.10-004-.10-007	42,141.77
Water Capital Improve.	743 5468666	.10-006-.10-012	51,735.44
Revolving Check Fund		6189 - 6224	11,479.49
<b>Total Warrants</b>			<b>\$898,895.66</b>

**b.) Staff Report – 2019 Salary and Wages**

Mr. Nelson provided a summary to the Board of Commissioners of a Staff report and Tables that outline the 2019 Total Salary and Benefit Costs, 2019 Detailed Forecasted Salaries and Benefits, the District’s Organizational Chart, and the historical and forecasted CPI-W, regarding 2019 Salary and Wages. The forecast included all anticipated salary and benefit costs with the exception of employee merit adjustments.

Staff anticipates the District’s total labor costs to be \$2,761,475 in salaries and \$1,379,502 in benefits. There are no new Full-time Employee (FTE) positions proposed in the salary and wage forecast for 2019. The District’s FTE count remains static at thirty. The largest

single labor group is the regular full-time employees at a forecasted 2019 cost of \$2,592,060 in regular salary and \$1,291,538 in benefits.

c.) **Staff Report – 2019 Equipment Replacement, IT Equipment and Operating Capital Assumptions**

Mr. Nelson provided a report to the Board of Commissioners of a Staff report with attached Tables outlining the District's historic and current replacement costs by year, detailed 2019 Equipment Replacement Schedule, 2019 Vehicle and Equipment Replacement and New Purchases recommended by staff regarding 2019 Equipment Replacement – IT Equipment and Operating Capital Assumptions.

For this report, the term “new” means vehicles and equipment that have not previously been approved by the Board of Commissioners and will be added to the Equipment Replacement Schedule. The term “replacement” means vehicles and equipment that have been previously approved by the Board and are being replaced by purchasing new vehicles or equipment.

For 2019, staff's recommendations would result in a net change in future replacement costs from \$3,137,000 to \$3,278,500, or \$141,500 over the next twenty years.

The largest financial change to the equipment replacement assumptions is the removal of the security camera replacements (\$100,000) and the addition of the Sewer By-Pass Pump (\$200,000). The Sewer By-Pass Pump was authorized by the Board of Commissioners in the Sewer Comprehensive Plan, and would allow the District to provide emergency pumping in case of a sewer lift station failure. The security camera replacements was removed from the equipment listing and added to the new technology replacement assumptions. Staff recommended some changes in the estimated replacement values, based on updated market costs and changes to the type of vehicle purchased.

For 2019, staff recommended the replacement of #27 (2001 Chevy Express Van), #34 (2007 F-250 SC 4x4), #36 (2007 Ford Escape), #45 (2008 Chevy Colorado), and the Sewer Push Camera. All of the listed vehicles are over 10 years old and have served their useful life. It should be noted that #34 (2007 F-250 SC 4x4) was scheduled to be replaced in 2018; however, staff determined it was better to surplus the #21 (2000 Ford F-250) which will be sold later this year. In addition, staff recommended replacing #27 (2001 Chevy Express Van) with a Ford F-550 including a Hook Lift attachment. The 2001 Chevy Van was retained several years ago and has been well used as District staff gathers GPS coordinates for the GIS System. However, now that this work is completed, the District's need of a second van is diminished. The Ford F-550 with the Hook Lift will allow the District to have multiple truck bodies including a debris bed and a dump truck bed on one chassis.

Staff also recommended the Board authorize staff to order the scheduled 2020 replacement for #37 (2007 Volvo Vactor Truck -Sewer) in 2019, given the anticipated nine month order time. This order would be placed later in 2019 once staff has had an opportunity to

review the new Vector Truck (Water) which the District should receive by the end of 2018.

Staff included in their report, a 2019 IT Equipment Replacement List for both equipment and licensing agreements. For 2019, staff recommended the replacement of \$144,000 on technology equipment as listed. In addition, staff recommended the procurement of the Lucy Annual Licensing Agreement.

For 2019, staff also recommended \$175,000 in operating capital items, including a new storage system for the new warehouse spaces at the District's Headquarters Site and office furniture to construct one new work space and redesign several other cubicles. The new storage system is the same type currently being used by the Alderwood Water & Wastewater District. The new cubicle would replace the workspace lost at the front counter and redesign several existing cubicles.

Following discussion, the Board of Commissioners determined to take action on these staff recommendations at a future Board meeting.

**5.) CAPITAL IMPROVEMENT PROJECT(S):**

**a.) Staff Report – Headquarters Project Update**

Mr. Brees presented a Staff report to the Board of Commissioners regarding the Headquarters Project update.

Current work on the project continues to be focused on installation of landscaping and completion of punch list items. The Certificate of Substantial Completion was issued on October 3, 2018, and all work on the project is to be complete by November 2, 2018. Attached to the certificate was the punch list of 127 items to be addressed by the Contractor in order to complete the project. Installation of landscaping and irrigation was the main contract work item remaining. Over the past two weeks, the landscaping work has progressed significantly and is expected to be complete by week's end.

In addition to the repairs or touch up items, the Contractor is contractually obligated to warranty all work for one year from the date of final completion. Some of the work or products supplied have longer warranty periods.

**b.) Staff Report – Reservoir No. 3 Improvement Project Update**

Mr. Gilmore presented a verbal summary of a Staff report regarding the Reservoir No. 3 Improvements Project update.

Coatings Unlimited is the subcontractor responsible for application of the interior paint system. They are continuing the blasting and application of the initial prime coat and should complete the blasting component to remove the interior original coating system and complete the initial prime coating of the tank interior by weeks end. Coatings Unlimited is working a six-day schedule to complete their work element. During the coating removal process, it was discovered that portions of the tank end connections for the roof support ribs at the Reservoir wall and at the tank center were welded but not seal welded, leaving

a potential gap that will be conducive to corrosion at the rib ends. The original tank paint system used caulking to fill the gaps and to limit the metal exposure and potential for corrosion. A similar solution is being considered with a filler material approved by the paint supplier for compatibility with the new coating system. The Contractor has been asked for a price to complete the removal of the existing caulking, complete the primer coating, and fill all rib end gaps with the caulk-like product prior to application of the coating system. If their price is acceptable when reviewed, staff will present their proposed costs to the Board for consideration to include in a project change order.

The booster station interior sheet rock installation and taping is complete and has also been painted. The interior platform grating above the pump floor is being installed. Wall framing for insulation and the noise abatement panel installation is in progress, and the electrical stringing of conduits is nearly complete.

c.) **Staff Report – Front Office Security Improvements**

Mr. Brees presented a Staff report and executed Change Order No. 1 to the Board of Commissioners regarding the Front Office Security Improvements.

Physical work on the project began on October 8, 2018 and has been proceeding nicely. District staff completed the move of existing office furniture and equipment to allow for customer service functions within the Board Room on a temporary basis, in advance of the Contractor's work. All demolition work has been completed, new walls have been framed, and electrical work has been roughed in. Initial inspections of the framing and electrical work have been scheduled by the Contractor.

Following demolition work, the Contractor contacted the Snohomish County Inspector and was informed of conditions that had not been identified during the building permit review or issuance. Non-combustible materials will be required for the project, meaning that metal studs for wall framing and fire treated wood is required. This requirement was not included in the bid documents as it was not identified in the permit review process. The anticipated impact to the project expenditures is an additional \$5,000, and there will be a schedule impact of approximately two days to obtain alternate construction materials. However, there is no need to amend the project budget at this time as the previously approved budget allowed for some contingency expenditures and the work has proceeded.

Previously, the General Manager executed Change Order No. 1 on behalf of the District, setting the date of Substantial Completion for the Front Office Security Improvements Project as November 29, 2018. It's anticipated the completion now to be around the December 1, 2018, which will require an additional Change Order.

Following discussion, the Board of Commissioners ratified and confirmed Change Order No. 1, authorized by the General Manager on behalf of the District.

**d.) Staff Report – Waldenwood Lift Station Design**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report, Gray & Osborne's Scope of Work and Fee Proposal and Preliminary Replacement Project Cost Estimate, regarding the Waldenwood Lift Station Design.

The District identified conceptual improvements for the Waldenwood Lift Station in the recent Comprehensive Sewer Plan Update. The work identified was to replace the operational components of the Waldenwood Lift Station that was constructed 20 years ago. The Station serves a significant gravity basin and receives all of the flows currently being served to the District from the Lowell Larimer Agreement Area. Staff requested and was authorized to perform a more detailed evaluation of the Waldenwood Lift Station Improvements, including an evaluation of the potential to abandon the Windsong Lift Station and serve this basin by gravity as a part of an expanded Waldenwood Basin. This pre-design study has been completed and recommends more extensive improvements to the Waldenwood Station and supports the elimination of the Windsong Lift Station. Staff recommended the design of the Waldenwood Station be authorized now to allow construction to be initiated this next summer.

The abandonment of the Windsong Lift Station was recommended in the pre-design report and the increased flow to Waldenwood when Windsong is abandoned as included in the design considerations; however, the actual abandonment was identified to be a separate project from the Waldenwood Station, due to the significantly separate work elements of each project. The Windsong Lift Station abandonment will be completed after the new Waldenwood Lift Station is operational.

The work elements now included in addition to those identified in the Comprehensive Sewer Plan, design elements to allow for complete construction of a new station wet well, drywell, and generator facilities, while maintaining the existing station in full operation. Facility sizing considerations will be included to handle future increased flows from improvements in the Lowell Larimer Service Area and from the Windsong Lift Station Basin. In addition, security enhancements including fencing and cameras, the construction of a rock catch manhole to be utilized for additional wet well capacity, and for operational modes to allow for wet well maintenance similar to the improvements the District provided at Lift Station No. 3, are included as design elements.

Gray and Osborne, at the District's request, provided the Scope of Work and Fee Proposal to provide design and bid assistance services, in an amount not to exceed \$269,000.00 without prior written authorization by the District. They also provided a constructed Project Cost Estimate and will submit a separate proposal for Construction Management when the project is advertised for bids.

The total project cost for the identified improvements, including a 20 percent construction cost contingency and Construction Management calculated at 12 percent, is estimated by Gray and Osborne at \$3,367,888.00 with WSST calculated at 10.3%.

Staff requested the Board of Commissioners to review the Gray and Osborne Scope of Work for the services identified to design, develop bid documents, and assist in the bid process. If in agreement, staff requested the Board of Commissioners by motion accept the proposal to perform these services for a fee amount not to exceed \$269,000.00, without prior District written authorization.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved Gray & Osborne's proposal to design, develop bid documents, and assist in the bid process, for an amount not-to-exceed \$269,000.00, without prior District written authorization.

**e.) Developer Extension Agreements**

Mr. Gilmore presented a report to the Board of Commissioners regarding two Developer Extension Agreements (Aalseth Short Plat and Harmony II Apartments) with attached Vicinity Maps.

Aalseth Short Plat is a two lot subdivision at 11623-40<sup>th</sup> Drive SE, a private road on the south side of 116<sup>th</sup> street SE. The development proposes serving sewer to the existing house onsite and providing service for a new duplex to be built on the lot created by the short plat process. The Developers are Earl and Dorothy Aalseth.

Harmony II Apartments are located on the southeast corner of the intersection of 41<sup>st</sup> Avenue SE and 148<sup>th</sup> Street SE. This project will extend water and sewer facilities located adjacent to the property, to their proposed multifamily development consisting of four buildings and providing a total of 70 apartment units. No other commercial facilities are being proposed for mixed use of the site. The Developer is Sound Investments, Mr. Saeed Abtahi.

Following discussion, the Board of Commissioners approved and executed the Developer Extension Agreements for Aalseth Short Plat and Harmony II Apartments.

**6.) MAINTENANCE AND OPERATION REPORT(S):**

**a.) Draft Resolution No. 766 - Surplus**

Mr. Phelan provided a verbal report to the Board of Commissioners of Draft Resolution No. 766, Declaring Certain District Personal Property to be Surplus and Detailing Terms of Sale or Disposal of Such Property, with attached Attachment "A" (items to be sold at private auction) and Attachment "B" (items to be destroyed as having no monetary value).

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved and executed Resolution No. 766.

**7.) INTER-AGENCY REPORTS**

**a.) Staff Report - CWSA Meeting**

Mr. Brees provided a report to the Board of Commissioners regarding the Clearview Water Supply Agency Meeting of October 17, 2018.

Mr. Brees and Commissioner Bill Anderson attended the Clearview Water Supply Agency Meeting held on October 17, 2018. The primary topic discussed at the meeting was the development of the 2019 Budget for the agency.

Monetary Assets for CWSA as of September 30, 2018 totaled \$1,299,112.51. The Vouchers approved at the meeting totaled \$382,570.57.

With respect to operations, it was reported that a potential issue with one of the Booster Station pumps had been discovered. One of the bearings may require replacement.

**b.) Staff Report – EWUC Meeting**

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report and attached Water Supply Fact Sheet and Reservoir Level Chart, regarding the EWUC Meeting dated October 18, 2018.

Mr. Brees (GM) and Mr. Gilmore (District Engineer) attended the Everett Water User Committee (EWUC) Meeting, held on October 18, 2018. The current water supply is rated as good, with eight months of supply currently available in the reservoirs. Water usage for 2018 through the end of September is 5.3% higher than normal which is similar to what has been observed by the District and the Clearview Group Members.

City of Everett staff also reported on planned maintenance activities at the water treatment plant this winter. There will be four overnight shutdowns to replace seven 36” valves. These valves supply water to the sand treatment filters and are original equipment to the plant. The shutdowns are planned at night during the winter so that stored water in the clear wells of the plant will be sufficient to supply the limited demand. Large users, such as the District, will be asked to top off reservoirs in advance of each of the shutdowns and use their own reservoir storage overnight. The first shutdown is planned for November 14, 2018. No impact to District customers is anticipated.

**c.) Staff Report – WCIA Full Board Meeting**

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report and attached 2019 Washington Cities Insurance Authority (WCIA) Assessment Notice, regarding the WCIA Full Board Meeting of October 19, 2018.

Mr. Brees attended the WCIA Full Board Meeting held on October 19, 2018. WCIA holds three Board Meetings per year. According to the compact, the District must attend at least one of these meetings per year. This year the General Manager attended two. WCIA conducted its regular business at the meeting, approving a consent calendar, staff reports were made, and the 2019 goals, budget, and compact were all approved.

It was reported at the meeting that insurance markets are trending upward for both property and liability; property, as a result of large disasters occurring nationwide, and liability specific to WCIA for Police Departments and Road Design Claims. These items are not a concern for the District directly but are a large risk for the majority of WCIA members.

The District’s current assessments for coverage through WCIA in 2018 are:

<b>Property</b>	\$67,048 (\$5,000 deductible on \$43,537,666 insured property)
<b>Auto</b>	\$11,450 (\$1,000 deductible)
<b>Liability</b>	\$29,869

Liability Assessments for 2019 were provided at the meeting and the District’s premium will increase to \$32,708 for 2019. The rate for property and auto renewals are projected to remain the same for 2019, except for any adjustment due to changes in the schedule of insured property.

**d.) WASWD Special Meeting Report**

Mr. Gilmore presented a verbal summary to the Board of Commissioners regarding the Washington Association of Sewer and Water District (WASWD) Special Meeting.

The WASWD 2018 Fall Meeting in Spokane failed to reach a quorum of its membership and the regular business actions of the Semi-annual Meeting could not be fulfilled. WASWD’s Board of Directors scheduled a Special Membership Meeting that was held on Monday, October 22, 2018, at the office of Highline Water District. Mr. Gilmore was authorized by Board motion to attend this meeting as a Board Designated Representative of the District. A quorum was achieved of 42 member Districts (minimum 36 member requirement). The following summary of the WASWD activities during this Special Meeting is as follows:

Nominations for the open positions were announced and supplemental nominees for the various representative positions on the Board were heard. The results for the WASWD Board Officers are:

<b>President</b>	Jeff Clarke – GM, Alderwood Water & Wastewater District
<b>Vice President</b>	Craig Christiansen – Section 4 Director, Associate Member
<b>Secretary</b>	Shane Young – GM, King County Water District No. 125
<b>Treasurer</b>	Tal Weberg – Commissioner of Covington Water District

Jeff Clarke announced that the Associations first choice and selected candidate for the WASWD Executive Director position, Clark Halvorson, has rescinded his acceptance of the position due to personal circumstances. Jeff Clarke was then authorized to offer the position opening to, and negotiate with, the second rated applicant from the original position solicitation process.

**e.) Snohomish County 2020 Hazard Mitigation Plan Update**

Mr. Brees provided a report to the Board of Commissioners of a Staff report and attached Letter of Intent, regarding the 2020 Hazard Mitigation Plan – Letter of Intent in Snohomish County’s Planning Process.

The District, as a Drinking Water System serving 3,300 - 49,999 customers, is required by Federal Law and Washington State regulations to conduct a Vulnerability Assessment and

prepare an Emergency Response Plan. The District's most current Emergency Response Plan was completed in May of 2014. One of the references to the Emergency Response Plan is the Hazard Mitigation Plan which is used to identify the incidents or natural hazards that would create a water supply emergency or disrupt District operations. Projects and improvements identified by the District in the plan are eligible for Federal Hazard Mitigation Grant Funds when those funds are made available following a natural disaster.

In 2015, the District partnered with Snohomish County Department of Emergency Management and other public utilities to prepare and update the county wide plan which includes an appendix specific to the District. The District was asked to provide a Letter of Intent for participation in the 2020 Plan Update in October of 2017, which was provided. The letter was used to support a grant application by the County that has now been awarded to conduct the 2020 Hazard Mitigation Plan Update.

In order to participate in the County led planning process, the District is required to submit an additional letter confirming the intent to participate. The District is not required to commit any funds, only staff time to assist in preparing the plan update.

## **8.) STAFF REPORTS**

### **a.) District Engineer:**

No further report.

### **b.) Finance Manager:**

Mr. Nelson provided three brief reports to the Board of Commissioners: First, Mr. Nelson shared that representatives from Arthur J. Gallagher will be on-site on October 31<sup>st</sup>, 2018 for the District's All Staff Meeting and then available all morning for one-on-one meetings with staff or Commissioners to Discuss HRA Veba. Second, he reported that he had attended an information session with Department of Retirement Systems (DRS). DRS is launching a new system where employers will directly input enrollment information into the DRS system. And finally, Mr. Nelson reported that Kelli Armstrong received a certification as a payroll specialist.

### **c.) General Manager:**

No further report.

**This ends the Minutes of the October 25, 2018 regular meeting. The following signature page is a scanned image of the original signature page of the Minutes and certifies these are the approved Minutes by the Secretary of the Board.**

## Minute Certification

I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

1. The attached copy of the Minutes of the Meeting of Commissioners (the "Minutes") is a full, true and correct copy of the Minutes of the October 25, 2018 regular meeting of Commissioners, duly adopted at a regular meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on November 8, 2018, as these Minutes appear on the Minute book of the District; and;

2. A quorum of the members of the Board of Commissioners was present throughout the meeting and a majority of those members present voted in the proper manner for the approval of these Minutes.

IN WITNESS WHEREOF, I have hereunto set my hand this 8<sup>th</sup> day of November, 2018.

**SILVER LAKE WATER AND SEWER DISTRICT  
SNOHOMISH COUNTY, WASHINGTON**

  
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Anne Backstrom, Secretary